



# WHAT CAN TECH COMPANIES EXPECT FROM THE NEW EUROPEAN COMMISSION?



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The new European Commission ("EC") took office in December 2024, with key figures like Teresa Ribera Rodríguez, Henna Virkkunen, Michael McGrath, and Maroš Šefčovič shaping tech regulation. The incoming Commission's agenda for digital policy, legislation, and enforcement is as ambitious as ever. Enforcement of existing instruments, such as the Digital Markets Act, the Digital Service Act, and antitrust rules is expected to abound rather than abate. New regulatory frameworks such as the AI Act and a potential AI Liability regulation lie around the corner. Key areas for AI companies include competition enforcement, global cooperation, but also State Aid review. The Digital Fairness Act will update consumer protection laws, addressing issues like dark patterns and addictive design. Tech companies must stay updated on these evolving regulations to ensure compliance and foster innovation.

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As the new European Commission (“EC”) assumes office for a five-year term, in-house legal counsel across industries must brace for an evolving regulatory environment. With significant shifts in priorities – from sustainability to strategic autonomy – and a new College of Commissioners, the stakes are high for data-driven tech companies navigating the European market.

# 01

## A NEW GUARD AT THE HELM

When the EC’s president, Ursula von der Leyen unveiled the new EC structure and its nominees, the stage was set for transformative political and regulatory dynamics. Among the key members of the new College of Commissioners are

- Teresa Ribera Rodríguez, Executive Vice-President for a “Clean, Just and Competitive Transition.” With a strong background in energy and sustainability, Ribera Rodríguez’s portfolio includes competition policy, merger control and foreign subsidies review.
- Henna Virkkunen, Executive Vice-President for “Tech Sovereignty, Security, and Democracy.” After a decade serving as Member of the European Parliament, Virkkunen will focus on strengthening Europe’s technological autonomy and security.
- Michael McGrath, Commissioner for “Democracy, Justice, and the Rule of Law.” McGrath is a former Irish Government Minister and assumed responsibility for a portfolio with emphasis on digital fairness and cross-border tech regulation.
- Commissioner Maroš Šefčovič, a seasoned diplomat, oversees “Trade and Economic Security, Inter-institutional Relations and Transparency,” influencing foreign direct investment (“FDI”) and export controls.

The personal experience and profiles of these Commissioners matter. Ribera’s focus on sustainability and innovation aligns closely with the EU’s Green Deal objectives, while Šefčovič’s experience underscores a growing emphasis on economic security. As the EC seeks to harmonize competition and industrial policy, these leaders’ perspectives will shape regulatory outcomes in critical ways. Likewise, it is telling that Virkkunen’s and McGrath’s tech-oriented portfolios encompass not only economic sector regulation, but also policy areas that fundamentally impact European Union security. This exemplifies how the new Commission is geared up to address economic regulation within a broader framework of European Union competitiveness, sustainability, and security.

### A. Competition Law and Tech Reg Enforcement

The complexity of digital enforcement actions is set to increase. In the past year, the Commission brought the landmark Digital Markets Act (“DMA”) up and running, initiating not less than six probes of suspected non-compliance concerning large tech firms while at the same time, for instance, imposing antitrust fines of EUR 1.8 Bn over music streaming and EUR 800 million over social media classified ads. Clearly, the mesh of digital markets regulation and traditional antitrust powers creates a more multifaceted regulatory landscape, and the new Commission has signaled that it will continue to use these enforcement powers to their full potential. Firms are well-advised to also hone their compliance tools to avoid unnecessary enforcement risk.

### B. Regulation of Artificial Intelligence

The previous Commission promoted the AI Act to adoption. This is the first regulatory framework aimed at ensuring the safe and ethical development and deployment of artificial intelligence (“AI”) across the European Union. Important steps will be taken in the year ahead to make this groundbreaking framework fully operational. Tech companies will need to make sure they keep up with all regulatory developments and guidelines that the AI Office will issue in the coming years, along with implementing and delegated acts and other tools to support effective implementation of the AI Act.

But we should in addition expect even more AI-focused legislation – particularly in areas like industrial AI applications, with initiatives like [AI Factories](#). Separately, the proposed AI Liability Directive could resurface as a regulation, setting a stricter framework for noncontractual civil liability for damage caused with the involvement of AI systems. Watch this space.

### C. Balancing Regulation and Innovation

The major challenge of the future Commission will be to strike the right balance between regulation and innovation. While the Commission maintains that it remains committed to advancing AI innovation, there will be a stronger focus on ensuring fair competition. This means that, although regulatory measures likely will become stricter for large and established firms, the Commission is likely to introduce initiatives to support AI startups and small and medium-sized enterprises (“SMEs”). Coming initiatives may well involve:

- **Intensive State Aid control:** Funding for AI’s huge needs in infrastructure expansion will draw on private and public purses, and the public contributions would be scrutinized under the EU’s State Aid rules. At the same time – and as the EU tries to be at the forefront of developments and sees AI as its chance to get ahead of the U.S. and China in tech – we can expect a new simplified State Aid framework that will guide the development of AI.

- **Enforcement actions:** The EC is increasingly focused on AI-related competition issues, with recent rulings suggesting that stricter enforcement may be on the horizon. To begin with, EC officials have signaled that the DMA can be extended to AI-powered services integrated by major platforms, despite not explicitly mentioning AI. Alongside the DMA, general competition laws remain in force, targeting abuses of dominant positions and restrictive agreements, including potential algorithmic collusion.
- **Enforcement initiatives:** Currently, the EC is actively monitoring the AI and virtual worlds sectors to ensure that competition is not negatively affected. This entails:
  - Analyzing the investments and partnerships between large digital players and generative AI developers, as well as agreements for the preinstallation of generative AI models from an antitrust and a merger control perspective.
  - Preliminary investigations into markets that are crucial for the development of generative AI (cloud, different types of specialized chips).

We can expect that the new Commission will continue to this path, and that it will strive to launch major initiatives in cooperation with other enforcement agencies internationally. Specifically in the AI field, the Commission published in 2024 published a joint statement with the U.S. Department of Justice and Federal Trade Commission and the UK Competition and Markets Authority. We are expecting more in this space, as the Commission is interested in advancing the global dialogue on goals – including reducing barriers to entry in AI development, sustaining the diversity of AI business models and fostering innovation. New leadership is set to take office at the U.S. enforcement agencies, which poses the question whether convergence will characterize AI-related enforcement or whether factions of divergence will arise.

#### **D. Digital Fairness and Consumer Protection**

One of the most anticipated legislative developments for the next mandate is the Digital Fairness Act (“DFA”), which will reshape European Union consumer protection laws to meet the challenges of the digital age. Building on existing legislation, for instance the Digital Services Act and the AI Act, the DFA will address emerging issues, such as:

- **Dark patterns** – User interface designs that manipulate consumer decisions.
- **Addictive design** – Functionalities that encourage excessive use of services (e.g. gambling-like features in video games)
- **Personalized targeting** – Practices that exploit vulnerable consumers.
- **Social media influencers** – Tightening regulations on commercial practices in influencer marketing

The update of the consumer protection legal framework, which is marked as a top priority for the new EC, aims to

simplify, harmonize and consolidate the existing EU rules by making it easier for businesses to comply, while offering stronger safeguards for consumers.

# 02

## COMPETITION POLICY MEETS INDUSTRIAL STRATEGY

A central tension in European Union competition policy – balancing consumer welfare with global competitiveness – is coming to the fore. Recent reports highlight the need for ‘European champions’ to compete effectively on the global stage. In response, the Commission will be updating its horizontal merger guidelines. While outright exemptions for European firms are unlikely, expect more nuanced evaluations of market entry and expansion potential, as well as complementary use of tools like the Foreign Subsidies Regulation (FSR) and FDI screening.

For U.S. and other non-European firms, this may well mean closer scrutiny of deals, particularly those involving state backing or substantial subsidies. Strategic sectors – such as technology, aerospace, energy, automotive and defense – will likely face heightened attention, reflecting their importance to Europe’s industrial competitiveness.

### **A. Innovation as a Defense?**

One intriguing development is the potential for innovation-focused remedies in merger reviews. It has been suggested that by committing to investments in critical areas like green energy, artificial intelligence or healthcare, merging entities could align their deals with broader EU policy goals. Any such commitments would entail a significant shift from established practice and could involve significant monitoring challenges for both the EC and businesses.

### **B. Addressing “Killer Acquisitions”**

The EC’s commitment to tackling ‘killer acquisitions’ – where dominant firms acquire nascent competitors – remains steadfast despite setbacks, especially the recent court defeat in the *Illumina/Grail* case (the Commission cannot accept referred jurisdiction to review an acquisition, unless the referring Member State(s) had jurisdiction under national law). Possible changes to the EU’s merger control rules, e.g. to expand the EC’s review powers, are on the agenda. Expect dynamic market analyses to assess innovation trajectories and future competition potential, particularly in fast-evolving sectors like tech and life sciences.

### **C. Sustainability and Deal Approvals**

Alignment of competition enforcement with the EU's Green Deal objectives signals a potential paradigm shift. Deals in environmentally impactful sectors – from renewable energy to agriculture – will face increased scrutiny, with sustainability commitments potentially a key factor in securing approvals. However, this alignment also opens doors for foreign investments that advance the EU's green transition, potentially receiving more favorable treatment.

### **D. Foreign Investment and National Security**

Many technology transactions give rise to sensitive questions around national security at the level of the European Union or its Member States. The current system for review of foreign investment, where Member States conduct foreign direct investment (“FDI”) reviews under national laws and certain reviews are coordinated at European Union level is inherently cumbersome but also not transparent. Unfortunately, the prospects for fundamental reform are slim.

While efforts to streamline FDI reviews at the Union level face hurdles – including divergent national interests and limited EU competencies – incremental harmonization is on the horizon. Procedural alignment, for instance in the form of standardized timelines and information-sharing protocols, could enhance predictability for dealmakers, but seem unlikely. National governments are likely to remain central in scrutiny and exercise of veto powers over investments deemed harmful to their strategic interests.

The European Union could enhance coordination by expanding the role of the Commission in facilitating communication between Member States during FDI reviews, ensuring that risks identified in one Member State (e.g. related to a strategic technology sector) are shared with others. This would allow for better alignment without taking full control from national governments.

The European Union's strategic autonomy agenda could also focus on proactive measures such as increased public investment in critical technologies (e.g. AI, quantum computing, and renewable energy), the creation of European supply chains (for semiconductors, batteries, etc.), and public-private partnerships to reduce reliance on foreign investment. By building up domestic capabilities in key areas, the EU might mitigate the security risks posed by foreign ownership without centralizing FDI reviews.

In practical terms, geopolitics likely mean that FDI scrutiny is likely to increase in the coming years. For companies involved in mergers or acquisitions, this will mean longer timelines, more outcome uncertainty, and stricter conditions. Investors will need to conduct more thorough due diligence of transactions, including potential conditions that may affect the attractiveness of investments. Investors may need to tailor their strategies to align with EU goals, poten-

tially by forming partnerships with EU companies, committing to R&D in Europe, or co-investing in EU initiatives like the Green Deal. Early engagement with regulators and careful planning for contingencies will be crucial overall.

### **E. The Expanding Reach of Foreign Subsidies Control**

One year since it took effect, the FSR is emerging as a pivotal tool in ensuring a level playing field in the EU. Large M&A deals involving firms with significant EU turnover and foreign subsidies, as well as acquisitions by state-owned enterprises, are prime targets for scrutiny. The FSR's impact extends to public procurement, where subsidized foreign bidders may face disqualification, particularly in critical infrastructure projects. Burdensome FSR reviews are here to stay and need to be factored in to deal planning.

## 03

### LOOKING AHEAD

The new European Commission's approach underscores the evolving interplay between tech regulation, competition policy, sustainability and industrial strategy. For in-house counsel, this means navigating a regulatory landscape that is both more complex and more aligned with broader policy objectives. By staying informed and proactive, legal teams can position their organizations to successfully navigate this new era regulation in Europe.

To navigate these complexities, in-house counsel should adopt proactive strategies:

- **Early engagement:** Initiate analysis early (whether in a deal process or concerning a commercial initiative) to anticipate potential concerns and mitigate risks and consider early agency engagement.
- **Enhanced due diligence:** In deal scenarios, conduct comprehensive environmental, social and governance (“ESG”) and compliance checks, particularly for targets with European operations. Ensure alignment with the EU's sustainability regulations and policy goals.
- **Craft a compelling narrative:** Highlight, as applicable, how the deal supports European Union objectives, such as innovation, sustainability and strategic autonomy.
- **Contingency planning:** Prepare for extended review timelines and potential remedies or conditions. Develop strategies to manage delays and ensure compliance. ■

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